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MEMORANDUM FOR: [REDACTED]
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I have forwarded a carbon copy of
Mr. Armstrong's letter to [REDACTED] for
preparation of reply for your signature.
The attached reply has been coordinated with
[REDACTED] which concurs in the time limitations.

RWF
RWF

3 June 1954

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ER 5-6308

ADDRESS OFFICIAL COMMUNICATIONS TO
THE SECRETARY OF STATE
WASHINGTON 25, D. C.

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DEPARTMENT OF STATE
WASHINGTON

SECRET

Dear Mr. Dulles:

As you know, the Treasury Department recently offered at sealed bid public sale a steel rolling mill which had been constructed in the United States for a Czechoslovak firm, but whose exportation to Czechoslovakia had been denied and whose disposal had been made subject to Treasury licensing. The successful bidder, at \$9 million dollars, was the Sociedad Mixta Siderúrgia Argentina, a quasi-official Argentine corporation controlled by the Argentine Government, and payment was completed and the sale consummated on May 17, 1954.

Disposal of this steel mill to Argentina met and meets with the approval of the Department of State. However, the possible implications of this transaction for United States policy aimed at denying strategic materials to the Soviet bloc have been the subject of discussion and query elsewhere in Washington. Specifically, Argentina's good faith has been called in question and the possibility of the rolling mill itself or future products therefrom reaching the Soviet

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Impugnation of Argentine motives and intentions may owe its origin in part to the fact that Argentina has trade agreements with a number of the Soviet bloc nations (although Argentine products shipped have been non-strategic) and that Argentina signed an unimplemented and now expired contract for direct purchase of the mill from the Czechoslovaks last November.

In the

The Honorable
Allen W. Dulles,
Director,
Central Intelligence Agency.

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SECRET

In the interest of bringing to light all information which may serve to clarify this matter, I should very much appreciate your informing the Department of State what information, if any, is presently contained in the files of your Agency bearing on answers to the following specific questions:

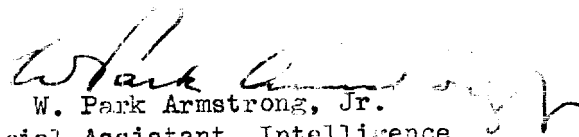
1. Who, in detail, are the shareholders in the Sociedad Mixta Siderúrgia Argentina?
2. Is there any significant evidence tending to establish that shareholding in the Sociedad Mixta Siderúrgia is participated in by Soviet bloc nationals or sympathizers, individual or corporate?
3. Is there any significant evidence tending to show that, in connection with Argentine interest in the steel mill in question, any "deals" have been made between Argentina and Soviet bloc nations or Guatemala looking toward shipment to Soviet bloc nations or Guatemala of any strategic items prospectively to be fabricated by this mill?

The Department of State plans to inform the Special Subcommittee on Internal Security of the Senate Judiciary Committee, on a confidential basis, of the results of further investigation and consideration of this matter, and your reply to this letter will be of distinct value and assistance in this regard. The Department of State will, of course, respect any stipulation which you may feel it necessary to include in your reply with regard to protection of your Agency as a source of information.

In view of the expression of Congressional interest in this matter, an early reply would be appreciated.

Sincerely yours,

For the Secretary of State:


W. Park Armstrong, Jr.
Special Assistant, Intelligence

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